Department of Defense

Department of Defense
National Security Personnel System
Overview of Final Regulations

November 2005

NSPS—The Case for Action

Why NSPS? /What do we gain

- Advance DoD's critical national security mission
- Respond swiftly and decisively to national security threats and other missions
- Accelerate DoD's efforts to create a Total Force
- Retain and attract talented and motivated employees committed to excellence
- Compensate and reward employees based on performance and mission contribution
- Expand DoDs' ability to hire more quickly and offer competitive salaries

What is NSPS?

- Performance management system that:
  - Values performance and contribution
  - Encourages communication
  - Supports broader skill development
  - Promotes excellence
- Streamlined and more responsive hiring process
- Flexibility in assigning work
- Preservation of employee benefits, rights and protections
- Preservation of rights of employees to join a union and bargain collectively
- Tools to shape a more effective and efficient workforce

DoD's Flexible and Responsive Civilian Personnel System

Support for NSPS

- DOD and Army leaders at all levels support the National Security Personnel System.
- DOD and Army transformation require a Human Resources system that supports the transformation.
- Today's national security environment where unpredictability is the norm, requires civilians be an integrated, flexible, and responsive part of the team.

Acting Deputy Secretary of Defense Gordon England - October 26, 2005: "To transform the way DoD achieves its mission, it must transform the way it leads and manages its people who develop, acquire, and maintain our nation's defense capability. Our civilian workforce is critical to the department's success and NSPS will provide a modern, flexible system to better support them.

Key Events and Activities

Nov 03

- NSPS authorized by National Defense Authorization Act

Apr-Oct 04

- Working groups developed labor relations and appeals options

Summer 04

- Conducted over 100 Focus Groups and 50 Town Hall Meetings worldwide

Jan-Dec 04

- Labor organization meetings to gather input on design

Jul-Sep 04

- Design teams with over 100 participants in working groups developed human resources options

Feb 05

- Proposed NSPS Regulations published in Federal Register

Feb-Mar 05

- Over 58K comments received during public comment period

Apr-Jun 05

- Meet and confer with labor organizations

Final Regulations published November 2005

When Will NSPS Happen? Spiral One

Early CY 2006

- Implement Labor Relations System across DoD for employees covered by Chapter 71 of title 5
- Commence training for employees, managers, supervisors, and HR practitioners

Early CY 2006

- General Pay Increase for all eligible civilian employees
- Implement Spiral 1.1, ~65,000 employees
- Phase in new performance standards
- Pay banding and staffing flexibilities phased in

Spring 2006

- Implement Spiral 1.2, ~47,000 employees

Fall 2006

- Performance cycle ends for Spirals 1.1 and 1.2
- Implement Spiral 1.3, ~160,000 employees

Early CY 2007

- First NSPS performance-based payout for Spirals 1.1 and 1.2

Early CY 2008

- First performance-based payout for Spiral 1.3

When Will NSPS Happen?
Spiral Two

- Fall 07
  - Performance management system
  - Movement to pay bands
- Fall 08
  - Performance Cycle ends
- Early 09
  - Performance based pay out for Spiral 2

How NSPS affects you

- Implementation
  - Employees move to new performance system
    - ✓ Objectives linked to mission
    - ✓ Pay for performance
  - Employees move to pay band
    - ✓ No loss of pay
    - ✓ Credit for within grade time- “WGI Buy in”
  - Pay pool management process
    - ✓ Bonuses
    - ✓ Pay adjustments

What's In It For Employees?

- Recognizes and rewards employees based on personal contributions to mission
- Opens communication between supervisors and employees: all know expectations
- Encourages employees to take ownership of their performance and success
- Promotes broader skill development and advancement opportunities in pay bands

Who is covered by NSPS?

- NSPS Human Resources System
  - Vast majority of DoD employees eligible for coverage
    - ✓ initially applies only to selected GS/GM and Acquisition Demo employees in Spiral One organizations
    - ✓ Employees in special pay/classification systems (e.g., wage grade) will be phased in later
  - Certain categories excluded (e.g. intelligence personnel, Defense Labs listed in NSPS law)
- NSPS Labor Relations System
  - Applies to all employees and labor organizations currently covered by Chapter 71, title 5
  - Will be implemented across entire Department when final regulations are effective

Vast majority of DoD civilian employees

Army Spiral 1 Organizations

Major Command	Spiral 1.1 Feb 06
AMC (ARDEC)	2,875
AMC (TACOM)	6,316
CHRA	2,548
MEDCOM (Madigan)	1,978
Space Missile Def Command	965
USACE (South Pacific)	2,096
USACE (Southwestern)	2,260

TOTAL= 19,038

Spiral 1.3 Oct 06
COE – All remaining CONUS organizations Acq Demo, Life Cycle Management Command
AMC – All remaining CONUS organizations
MEDCOM – All remaining CONUS organizations
ATEC RTTC

TOTAL= 60,932

Spiral 1.2 TOTAL= NONE

SPIRAL 1 TOTAL= 79,970

Army Transition Plan

Spiral 2 FY 07	Spiral 3 FY 09
All remaining MACOMs/activities e.g., TRADOC, FORSCOM, unique categories (NAF, Wage System, OCONUS, etc.) except excluded Laboratory Demonstration Projects	Excluded Laboratory Demonstration Projects (if legislative restrictions are eliminated) Title 10

Spiral 2 Total = 158,788

Spiral 3 Total = 8,012

Grand Total = 246,770

What Does Not Change?

- Merit System Principles
- Whistleblower protections
- Rules against prohibited personnel practices
- Veterans' Preference
- Anti-discrimination laws
- Fundamental due process
- Benefits (retirement, health, life, etc.)
- Allowances and travel/subsistence expenses
- Training
- Lab Demo organizations not eligible until FY 08 for HR

Major Design Elements of NSPS

Human Resources System

- Classification
  - Simple, flexible
- Compensation
  - Performance-based, market-sensitive
- Performance management
  - Linked to agency mission
- Staffing
  - The right person, in the right place, at the right time
- Workforce Shaping
  - Streamlined, mission-responsive
- Adverse Action and Appeals
  - Streamlined for greater accountability, preserves due process

Labor Relations System

- Balance employee rights to representation with agency mission requirements

Classification

- Jobs in broad “pay bands” based on nature of work and competencies
- Progress in bands dependent on performance, complexity and/or contribution, market conditions
- Position descriptions are less detailed
- Classification appeal rights protected
- Allows flexibility to assign new or different work
- Promotes broader skill development and advancement opportunities within and across pay bands

Positions Grouped in Broad Bands

Proposed Architecture

STANDARD CAREER GROUP ■ Professional/Analytical ■ Tech/Support ■ Student Employment ■ Supervisor/Manager 71% of DoD white collar workforce	INVESTIGATIVE & PROTECTIVE SERVICES CAREER GROUP ■ Investigative ■ Fire Protection ■ Police/Guard ■ Supervisor/Manager 6% of DoD white collar workforce
SCIENTIFIC & ENGINEERING CAREER GROUP ■ Professional ■ Tech/Support ■ Supervisor/Manager 18% of DoD white collar workforce	MEDICAL CAREER GROUP ■ Physician/Dentist ■ Professional ■ Tech/Support ■ Supervisor/Manager 5% of DoD white collar workforce

Components of Pay

Performance-Based Pay

- Annual pay raises or bonuses based on performance
- High-performing employees can get higher pay raises
- Employees must perform acceptably to get any increase

Rate Range Increases

- Nation-wide salary adjustments, may vary by pay band
- Employees must perform acceptably to get any increase

Local Market Supplement Increases

- Similar but not identical to locality pay - addition to base pay
- Based on geographic or occupation market conditions
- In given area, can differ from one occupation to another
- Employees must perform acceptably to get any increase

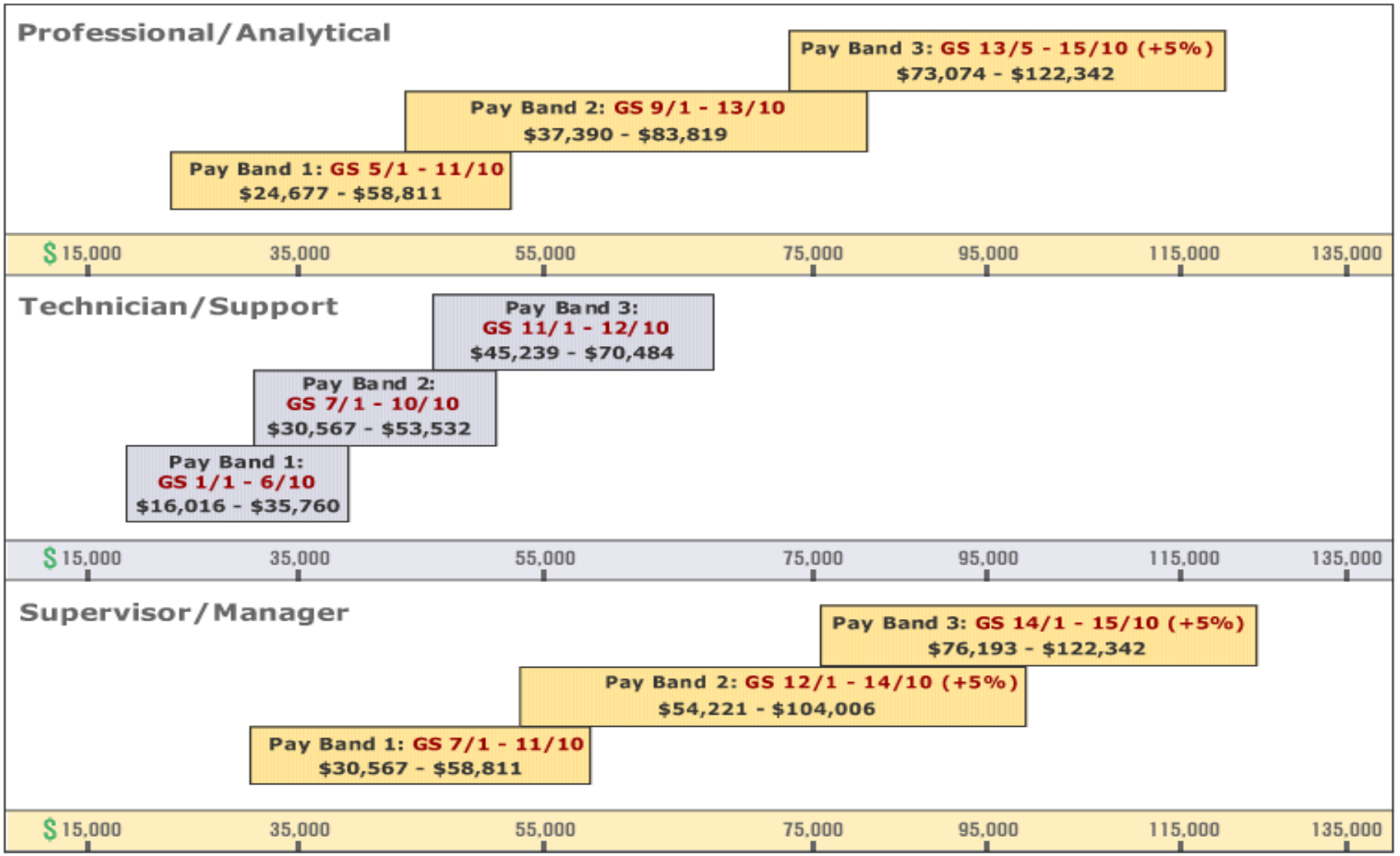
Other Features

- Rate ranges and local market supplements are reviewed annually*
- 6% minimum salary increase for promotions*
- Eligibility for salary increase for reassignment/reduction in band

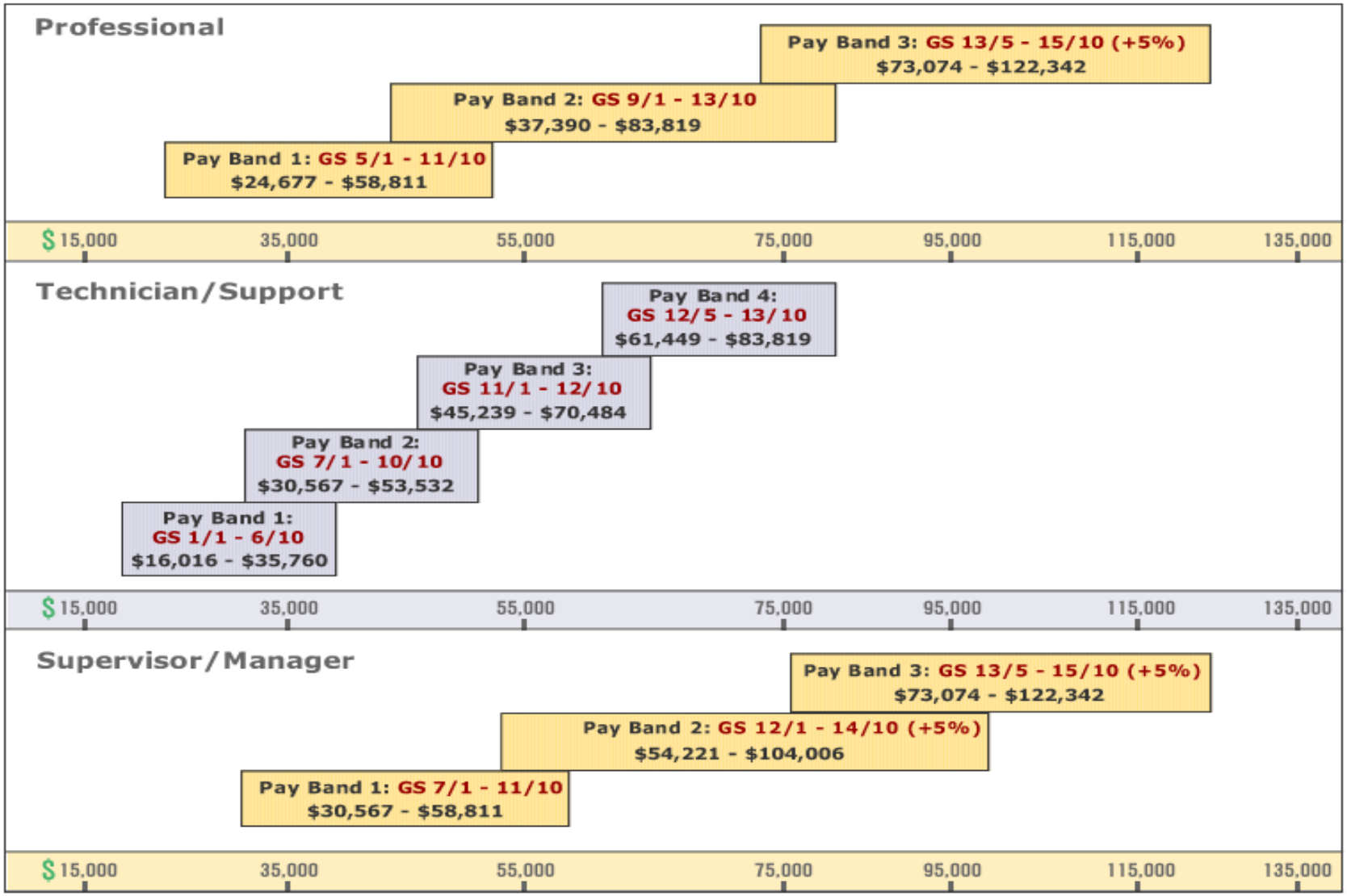
Pay bands replace General Schedule

* Major change from proposed regulations

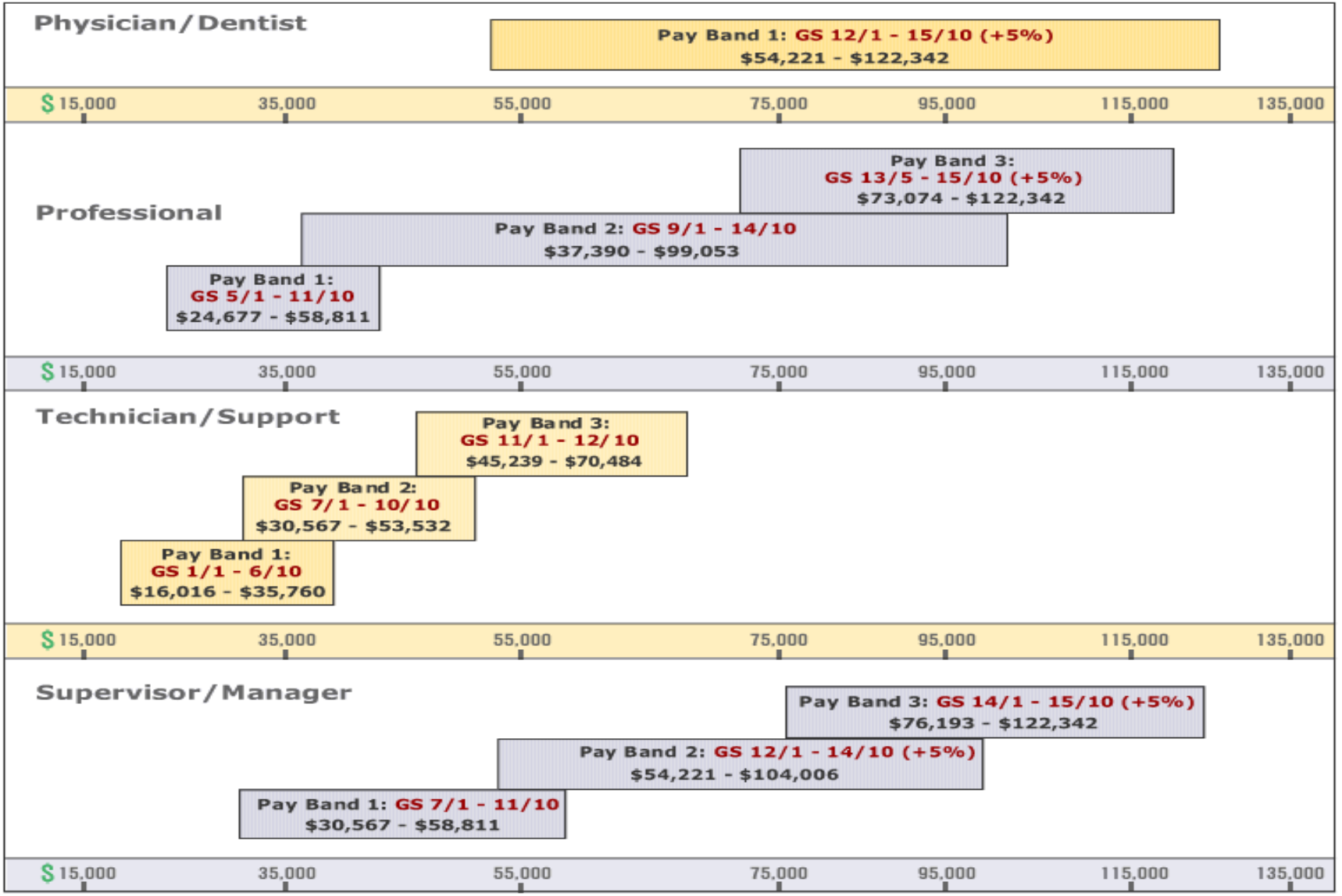
Proposed Standard Career Group



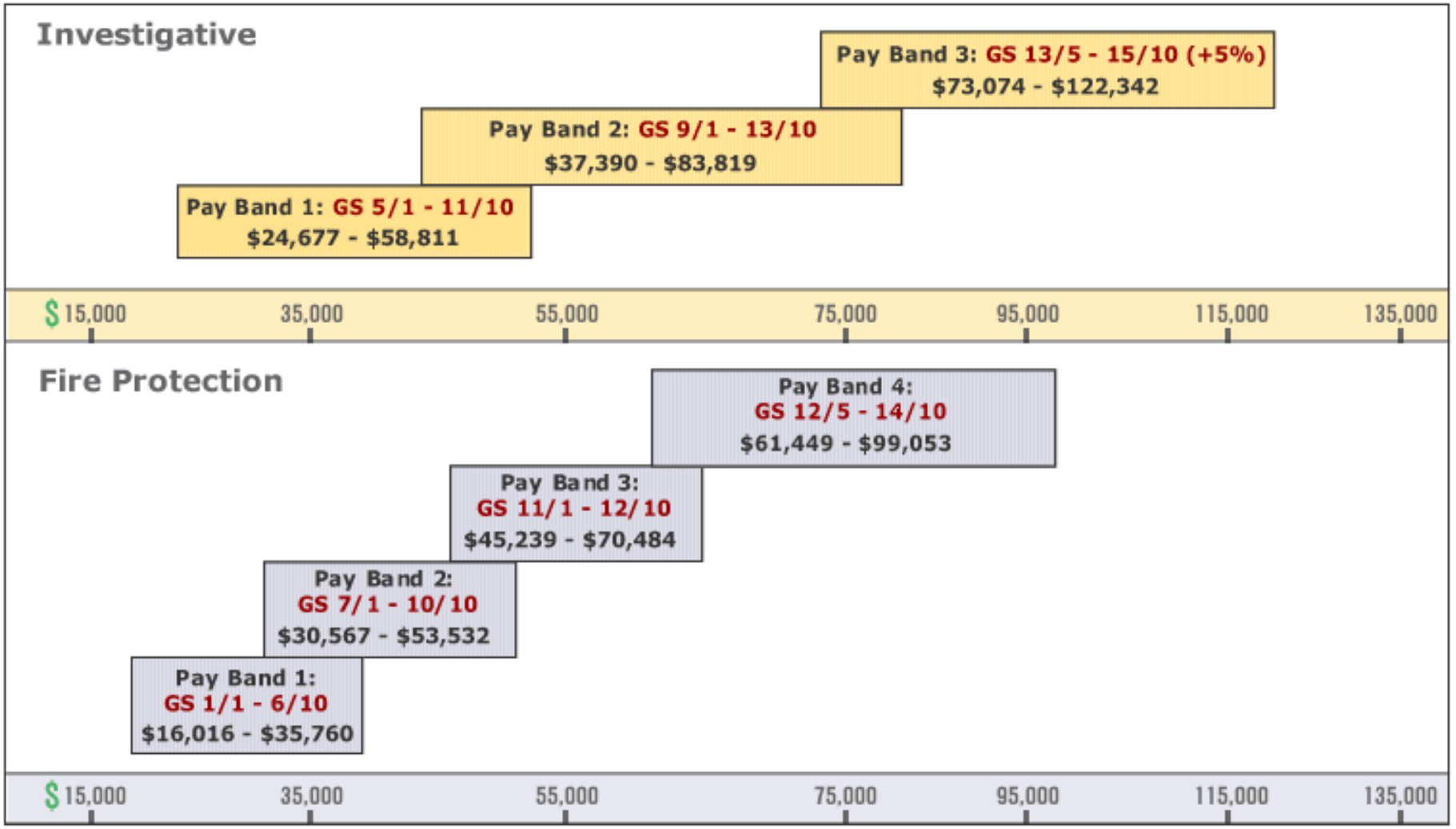
Proposed Scientific and Engineering Career Group



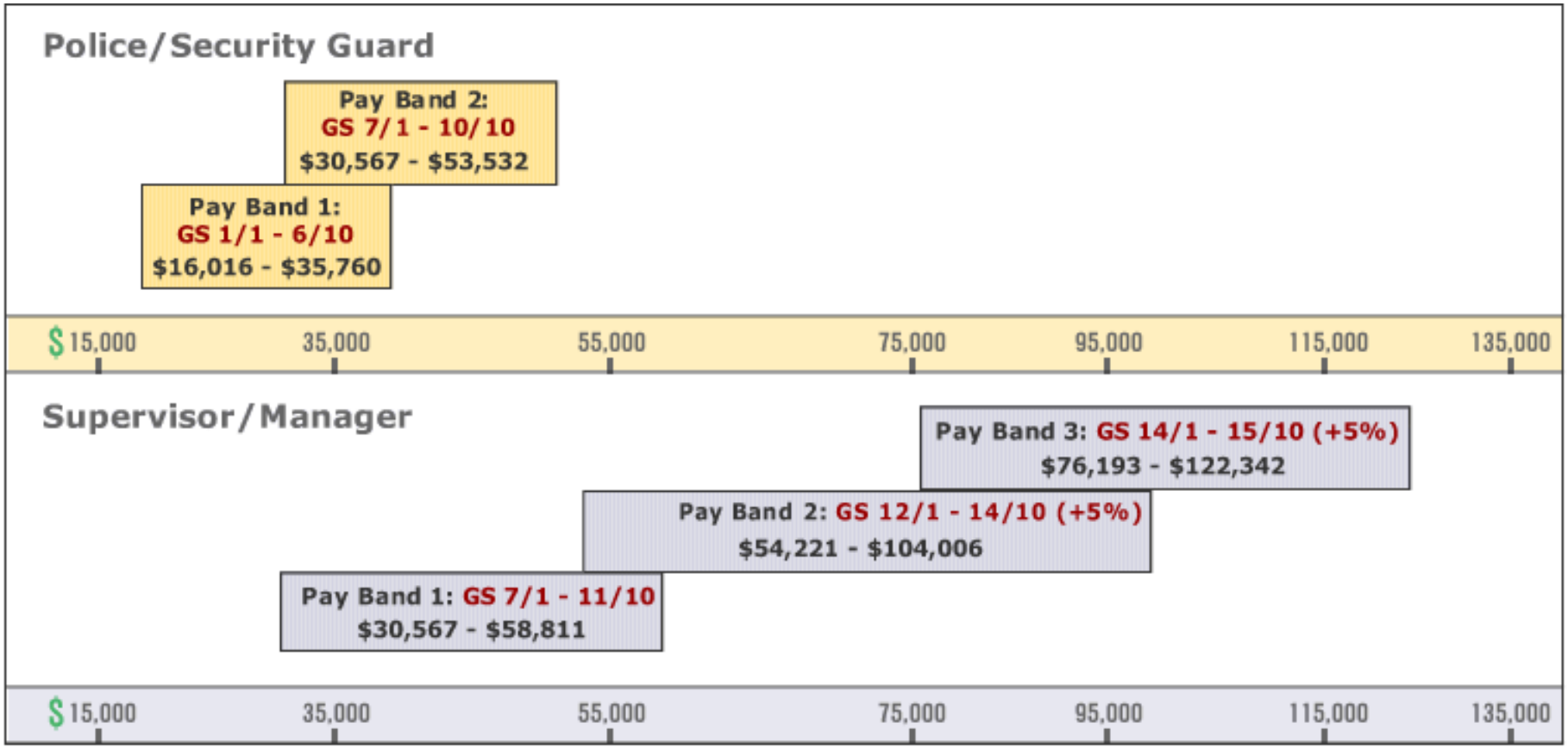
Proposed Medical Career Group



Proposed Investigative and Protective Services Career Group



Proposed Investigative and Protective Services Career Group (cont.)



Compensation--Conversion to NSPS

- No employee will lose pay upon conversion
- Employees eligible for a within-grade increase (WGI) will receive a pro-rated increase in their salary
- DoD is committed to NSPS and to rewarding employees' contribution to the mission – both as individuals and/or as part of an organization

Performance Management

- Employees:
  - Will clearly know what is expected of them
  - Will be equitable rewarded and recognized for their level of performance and contributions to mission
  - Are accountable for their performance and conduct
  - Should expect the quality of their performance and contributions to drive their salary increases
  - Will receive written performance plans and annual performance evaluations*
  - Will be evaluated based on benchmarks for Department-wide standard performance factors and competencies
  - Can seek reconsideration of performance ratings through administrative or negotiated grievance process *

Links Individual Goals to Mission Objectives

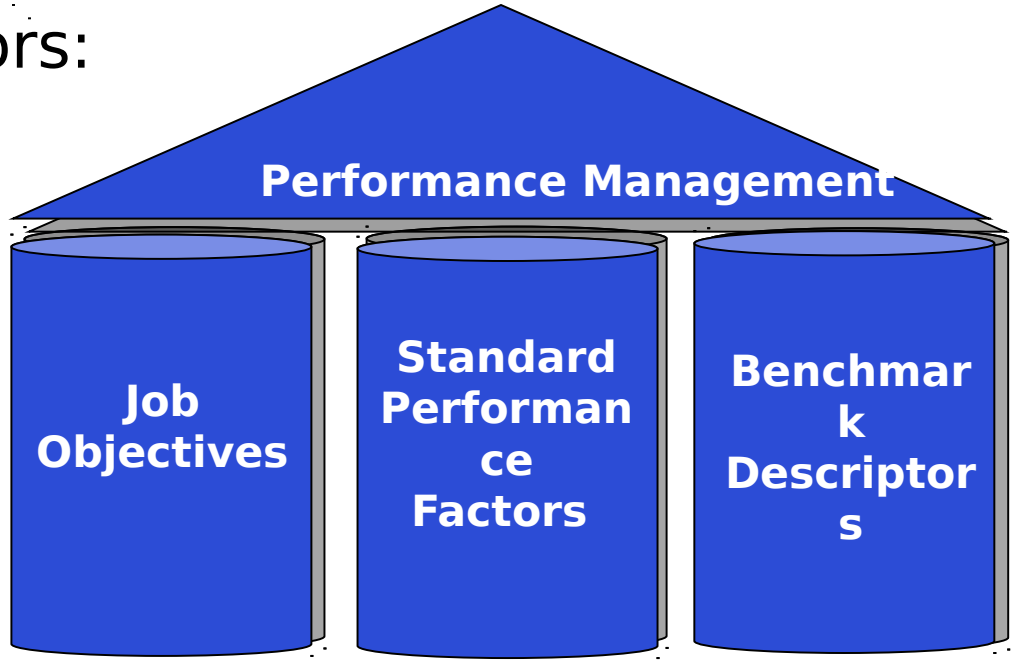
* Major change from proposed regulations

Employee Roles

- Identify the link between work and organizational goals
- Participate in the performance management process
- Develop career goals and a roadmap for achieving them
- Work with supervisor to develop job objectives
- Accept that performance improvement is a continuous process
- Seek and accept feedback from supervisors and peers
- Support others in their performance management requirements

Proposed Building Blocks of Performance Management

- Job Objectives: Jointly-developed with employees; reflect job requirements
- Performance Factors: Standardized across DoD; defined by work behaviors
- Benchmark Descriptors: Provide standardized criteria across DoD; guide raters to level of performance

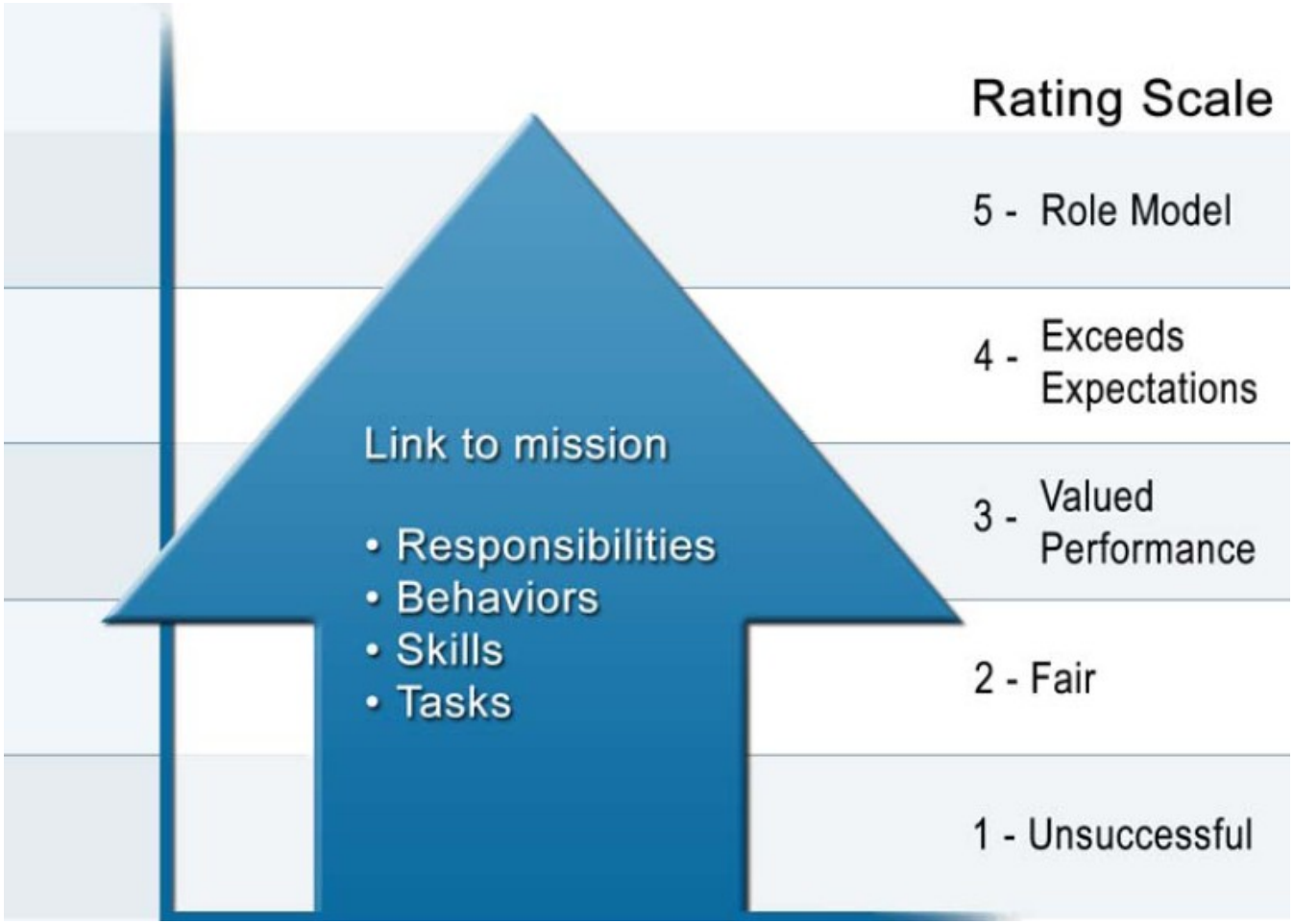


Proposed Standard Performance Factors

Provide general attributes of job performance which are defined by work behaviors

Technical Proficiency	Validated for all job families
Critical Thinking	
Cooperation / Teamwork	
Communication	
Resource Management	
Achieving Results	
Customer Focus	Validated for all job families except Band 1 in 0800 and 1500 job families for Technician/Support pay schedule
Leadership	Applies only to Supervisor/Manager pay schedule
Supervision	Applies only to Supervisor/Manager pay

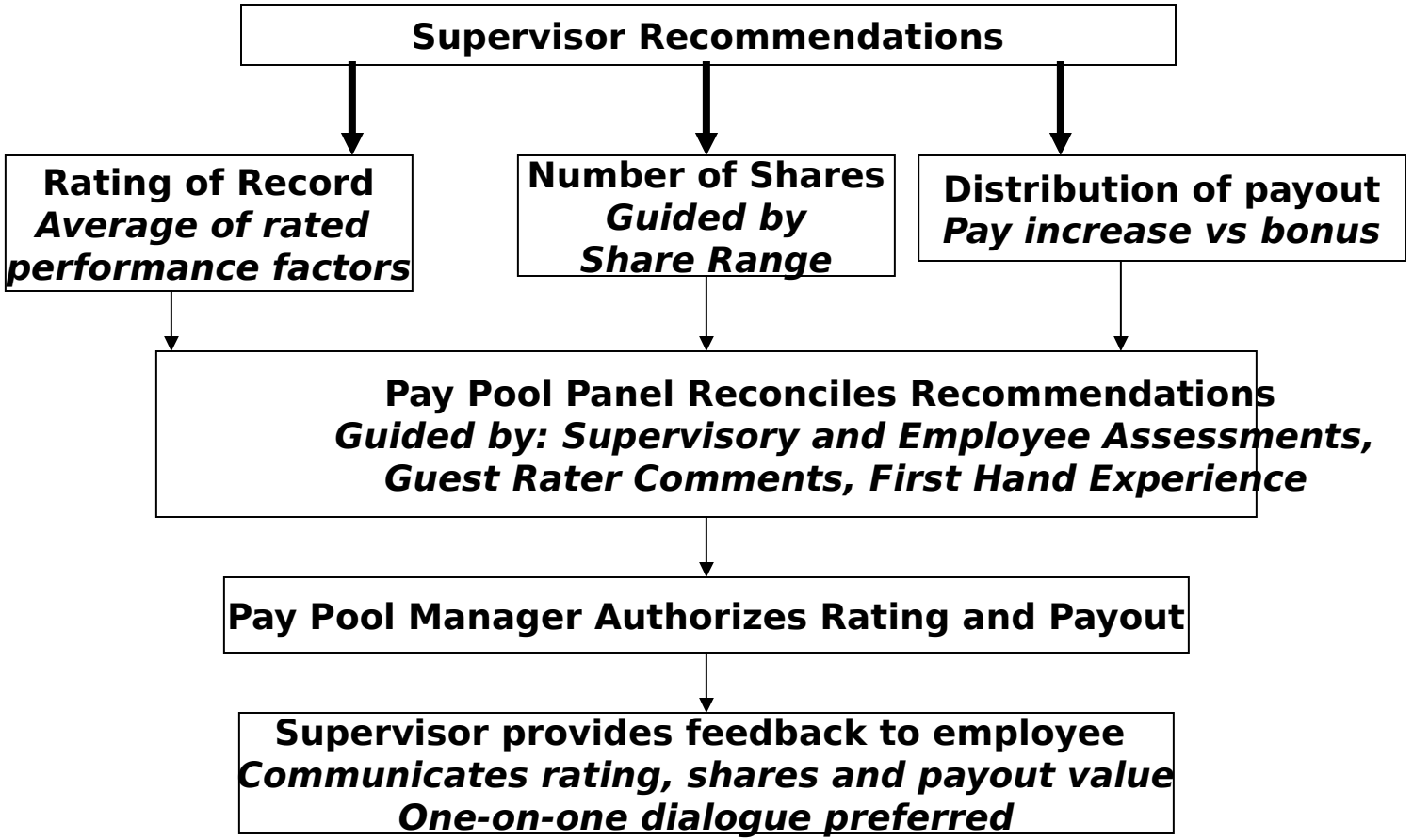
Proposed Performance Rating Scale



Performance Rating– Benchmark Descriptors

- Benchmark Descriptors:
  - Are guides that help the rater judge employee performance
  - Allow raters to compare the performance description in the benchmark descriptors to the employee's performance
  - Ensure that all raters are looking at performance with the standard criteria
  - Help supervisors make meaningful distinctions in employee performance

Proposed Performance Rating Process


Supervisor Recommendations
Rating of Record
Average of rated performance factors
Number of Shares
Guided by Share Range
Distribution of payout
Pay increase vs bonus
Pay Pool Panel Reconciles Recommendations
Guided by: Supervisory and Employee Assessments, Guest Rater Comments, First Hand Experience
Pay Pool Manager Authorizes Rating and Payout
Supervisor provides feedback to employee
Communicates rating, shares and payout value
One-on-one dialogue preferred

Staffing and Employment

- DoD hiring authorities provide more flexibility to respond to mission changes
- Hiring process streamlined
- Pay setting flexibilities increase ability to retain and attract quality candidates
- DoD qualification requirements recognize unique mission
- Longer probationary periods for some occupational categories allow more time to evaluate new employees*
- Veterans' preference rights protected

Streamlined promotion and hiring process

*Major change from proposed regulations

Workforce Shaping

- Streamlined, mission responsive
- Four retention factors remain, and are considered in this order:
  - Tenure
  - Veterans' Preference
  - Performance
  - Seniority
- Multiple years' performance credit for reduction in force*
- Two years of retained pay for displaced employees*
- Less disruptive to employees and mission

More emphasis on performance

*Major change from proposed regulations

Adverse Actions

- Single process for actions based on performance or conduct
  - Provides a 15-day notification period for adverse actions
- Allows Mandatory Removal Offenses
  - To be determined
  - Must be publicized in the Federal Register *
  - Regularly made known to all employees*
- Preserves employee's right to:
  - Due process
  - Ability to grieve to arbitration
  - Appeal to Merit Systems Protection Board

Streamlined Process

*Major change from proposed regulations

Appeals

- Establishes expedited adverse actions appeals process
  - Third parties may mitigate agency determined penalties in limited circumstances*
  - Mitigation standard similar to that recognized by Federal Circuit Court
  - Deference given to DoD national security mission when third party makes decisions
- Single burden of proof standard: preponderance
- Provides for DoD review of arbitrator and Merit Systems Protection Board (MSPB) Administrative Judge decisions that lead to final Department decision
- Full MSPB and judicial review retained

*Major change from proposed regulations

Labor Relations System

- Recognizes our national security mission and the need to act swiftly
  - Ability to act swiftly is necessary even in meeting day-to-day operational demands
  - Flexibility is necessary to respond to a variety of vital operational challenges
- Preserves local collective bargaining with limitations on scope of bargaining, such as:
  - Permitting management to act and bargain on a post-implementation basis
  - Establishing time limits for bargaining process
- Provides for national level and multi-unit collective bargaining
- Preserves collective bargaining and permits bargaining on a variety of operational matters if Secretary determines that bargaining advances Department's mission accomplishment or promotes organizational effectiveness*

*Major change from proposed regulations

Labor Relations System

- NSPS provides an opportunity for greater union involvement in workforce issues
  - Continuing collaboration provides an avenue for union input in human resources areas, including areas previously excluded by law or other agency rules
  - Local consultation provides for a collaborative, issue based approach on matters where bargaining is otherwise restricted
- National Security Labor Relations Board (NSLRB)
  - Resolve issues between management and employee representatives
  - Secretary appoints at least three members
  - Appointment of chair and members
    - ✓ Secretary, in his/her sole discretion, appoints the Chair
    - ✓ DoD labor unions can submit nominations for consideration as members of the NSLRB*

*Major change from proposed regulations

Comprehensive Training Plan

- Learning objectives
  - Teach skills and behaviors to implement and sustain NSPS
  - Educate employees about NSPS
- Dual focused
  - Soft Skills already underway
  - Specialized training for all functional areas
    - ✓ Classroom sessions
    - ✓ Web based courses
    - ✓ “Fundamentals of NSPS”
    - ✓ “NSPS 101”
    - ✓ Periodic printed materials
    - ✓ Brochures
    - ✓ Pamphlets

Specialized Training

Audience	Course
Employees	NSPS 101 HR Elements for Employees Performance Management for Employees
Senior Leaders	Senior Leaders Forum
Managers and Supervisors	NSPS 101 HR Elements for Managers/Supervisors Performance Mgmt for Managers/Supervisors Pay Pool Management for Managers/Supervisors
Pay Pool Managers and Administrators	Pay Pool Management
Human Resources Practitioners	NSPS 101 HR Elements for Employees Adverse Actions and Appeals Labor Relations

Information Technology (IT) Support

- Modification of the basic HR IT system (DCPDS) including interface to payroll system (DCPS)
- Specific tools for key areas
  - Performance Management
    - ✓ Automates plans and appraisals
    - ✓ Supports the pay pool process
  - Reduction in Force

Still to Come

Continuing Collaboration & Implementing Issuances

- DoD will collaborate with employee representatives on the implementing issuances
- Implementing issuances provide additional details for carrying out NSPS regulations
- Historic opportunity for representatives to provide input in the development of DoD's human resources management system

Spiral Implementation

- Once Spiral 1 is implemented:
  - DoD will assess and certify the performance management system in coordination with OPM
- Once certified, Spiral 2 and Spiral 3 can begin
- Continuous evaluation and system improvements

Comprehensive Communications

- Employees informed of program plans and changes through:
  - Town hall briefs
  - Frequently Asked Questions lists
  - Employee Fact Sheets
  - Articles in local and base newspapers
  - DoD and Component Web Pages
- DoD and Component leaders will ensure discussions on program changes occur between local management and employees

Summary

- A modern, flexible, and agile human resources system
  - Responsive to the national security environment
  - Preserves employee protections and benefits

“ NSPS is a win-win-win system … a win for our employees, a win for our military and a win for our Nation.”

Honorable Gordon R. England
NSPS Senior Executive

Questions ?

www.cpms.osd.mil/nsps

www.cpol.army.mil

http://www.tradoc.army.mil/dcspil/CPD/nsps.htm

BACK UP SLIDES

Guiding Principles

- Put mission first – support National Security goals and strategic objectives
- Respect the individual – protect rights guaranteed by law
- Value talent, performance, leadership and commitment to public service
- Be flexible, understandable, credible, responsive, and executable
- Ensure accountability at all levels
- Balance HR interoperability with unique mission requirements
- Be competitive and cost effective

Summary of Significant Changes

Compensation – Pay

- Establishes minimum 6% salary increase in promotions
- Annual review of salary ranges and local market supplements

Performance

- Requires written performance standards and annual performance evaluations
- Performance ratings can be challenged through an administrative or negotiated grievance process

Workforce Shaping

- Requires use of multiple years of performance ratings for reduction in force
- Provides two years of retained pay for displaced employees

Summary of Significant Changes (con't)

Adverse Actions and Appeals

- Mitigation standard similar to that recognized by Federal Circuit Court
- Mandatory Removal Offenses must be publicized in Federal Register and regularly made known to all employees

Labor Relations

- Preserves collective bargaining and permits bargaining on a variety of operational matters if the Secretary determines that bargaining would advance the Department's mission accomplishment or promote organizational effectiveness

Implementing Issuances

- Limits who can issue NSPS implementing issuances to
  - Secretary of Defense, Deputy Secretary, Principal Staff Assistants, such as Under Secretaries of Defense, or Secretaries of Military Departments

Professional/Analytic Pay Schedule Standard Performance Factor – Achieving Results
Additions at the Role Model (Level 5) Benchmark Descriptors
■ Achieves outcomes and results that are superior in quality, quantity, and/or impact to what would ordinarily be expected at this level. ■ Persists in overcoming obstacles and puts forth extra effort to accomplish assignments. ■ Seeks out opportunities to contribute beyond what is expected. ■ Exhibits the highest standards of professionalism.